

VZCZCXYZ0000
OO RUEHWEB

DE RUEHBU #0914/01 1311324
ZNY CCCCC ZZH
O 111324Z MAY 07
FM AMEMBASSY BUENOS AIRES
TO RUCPDO/DEPT OF COMMERCE WASHINGTON DC IMMEDIATE
RUEHC/DEPT OF LABOR WASHINGTON DC IMMEDIATE
RUEHC/SECSTATE WASHDC IMMEDIATE 8100
INFO RUEHGT/AMEMBASSY GUATEMALA IMMEDIATE 0232
RUEHVL/AMEMBASSY VILNIUS IMMEDIATE 0067

C O N F I D E N T I A L BUENOS AIRES 000914

SIPDIS

SIPDIS

WHA/BSC FOR BLAKENEY
WHA/EPSC FOR MESA AND SCHWARTZ
DRL FOR MITTLEHAUSER
DOL FOR PAULA CHURCH
G/TIP FOR FLECK AND BRASNEHAN
LABOR PLEASE PASS TO FMCS EILEEN HOFFMAN
COMMERCE FOR WALTER BASTIAN
GUATEMALA FOR ALEX FEATHERSTON
VILNIUS FOR THOMAS KELLY

E.O. 12958: DECL: 05/09/2017

TAGS: [PRES](#) [PGOV](#) [ELAB](#) [AR](#)

SUBJECT: LABOR MINISTER ON RESTARTING DIALOGUE WITH FMCS,
SANTA CRUZ STRIKES, AND A FUTURE UNDER CRISTINA

REF: A. BUENOS AIRES 276

[1](#)B. BUENOS AIRES 906

[1](#)C. BUENOS AIRES 793

Classified By: AMBASSADOR E. ANTHONY WAYNE FOR REASONS 1.4 (B) AND (D)

[1](#)1. (C) Summary. On May 2, the Ambassador met with Labor Minister Carlos Tomada and discussed ways to restart a bilateral dialogue on labor mediation and enhance cooperation on corporate social responsibility. The Minister offered some critical remarks on management of the current strikes in Santa Cruz province. He also talked about Argentina's economic future under a Cristina Fernandez de Kirchner administration. Finally, the Minister discussed GOA efforts to raise public awareness of the problem of child and forced labor. End Summary.

Restarting Bilateral Dialogue on Labor Mediation

[1](#)2. (C) On May 2, Ambassador met with Minister of Labor Carlos Tomada, senior advisors Antonio Estevez, Norberto Ciravino, Nidya Neer, and ILO Country Representative Analia Pieyrua. DCM and Poloff accompanied the Ambassador. Minister Tomada began the meeting by informing the Ambassador of his interest in restarting a bilateral dialogue with the U.S. Federal Mediation and Conciliation Service that began in the late 1990s and early 2000s with funding from the U.S. Department of Labor. He noted that he and many others in his Ministry had benefited from the dialogue which later became known as the "West Virginia Group", after a visit to an FMCS center in the state. Thanks to this dialogue, Tomada explained that Argentina implemented a measure that requires individuals to resolve their labor grievances through reconciliation. He is now interested in adopting measures that would make mediation obligatory for resolving collective grievances. The Ambassador noted that the Labor Department no longer had funding for these kinds of programs, but that the Embassy would explore whether digital video conferences with FMCS might be feasible. Tomada stated that this would be appreciated.

Corporate Social Responsibility

¶13. (C) Minister Tomada also requested U.S. Embassy assistance in approaching the U.S. business community, including AMCHAM, to participate in the GOA's campaign to increase the ranks of formal workers throughout the supply chain. He stated that Argentina's definition of corporate social responsibility is linked to dignified labor, adding that "Quality work needs quality labor working under quality conditions." He indicated that 70 of Argentina's largest companies are already participating in the initiative. In addition, his Ministry held a roundtable on youth employment with various Argentine companies who have dedicated themselves to generating jobs for young workers that gives on the job training. Tomada stated that he had met with AMCHAM to see whether U.S. companies would be interested in participating in these initiatives, but implied that he did not get much traction. He asked whether the U.S. Embassy could help encourage U.S. companies to participate in these efforts. The Ambassador noted that U.S. companies are interested in promoting an image of strong corporate citizenship. He suggested approaching the AMCHAM to organize breakfasts with U.S. companies to discuss the initiatives. The Ambassador also offered to host roundtables to generate interest. Tomada welcomed and thanked the Ambassador for both suggestions.

Santa Cruz Strikes--Micromanaging from the Casa Rosada

¶14. (C) When asked for an update on the ongoing public sector strikes in Santa Cruz, Tomada jokingly stated "ask me next week". (Note: Unfortunately, strikes have only gotten

worse.) Tomada explained that the Labor Ministry does not normally intervene in provincial public sector negotiations, but Santa Cruz is an exception given that it is President Kirchner's home province. Tomada stated that Kirchner personally requested that Tomada resolve the dispute and that the President generally uses his inner circle to continue controlling Santa Cruz from Buenos Aires. (Note: Throughout the meeting, the Minister had to excuse himself to take periodic phone calls with updates on negotiations with the unions.)

¶15. (C) Tomada opined that the strikers in Santa Cruz have legitimate grievances and pointed out that although salaries in Santa Cruz are higher than the national average, so is their cost of living. But he called Kirchner a tough negotiator. He also said part of the problem is that the President has insisted on managing this province (and the strikes) from Buenos Aires, leaving only fourth-rank officials nominally in charge of the province. (Note: Teachers in Santa Cruz have been on strike for approximately eight weeks, demanding an increase in their base pay, which currently stands at 170 pesos or USD 55. Teachers take home salary, however, can reach as high as 2000 pesos or USD 650, once education level, position, experience, and length of employment are factored in. However, retirement benefits are calculated as a percentage of base salary and, for this reason, teachers are demanding an increase in base salary. The strike enjoys widespread support. At present, the GOA has offered to increase base pay by 500 pesos or USD 160, which would be offset by a decrease in extra pay received for education level, position, experience, and length of employment. Violence on May 8-9 led to the resignation of Santa Cruz Governor Carlos Sanchez and the installation of another hand-picked by Kirchner. See Ref B for more details.)

Wage Negotiations

¶16. (C) Tomada characterized the return to Argentina's traditional practice of conducting simultaneous wage

negotiations with all sectors of the economy a "big mistake" as it tends to overly politicize labor negotiations. Ideally, each province and economic sector should negotiate the most that they can get for that province or sector, he stated. The problem is that unions in different provinces and sectors demand the same concessions that other unions in other provinces and sectors are able to negotiate. Unfortunately, different provinces and sectors have different capacities to pay, Tomada concluded.

¶7. (C) Tomada also noted that the public sector workers union (Union Personal de la Nacion- UPCN) has already accepted a 16.5% increase in salary. When the Ambassador asked about the inflationary impact of wage increases, Tomada replied that there has been a four percentage point increase in productivity and that the economy still has the capacity to absorb the increases without increasing inflation. He asserted that the increase is actually less than 16.5% annualized, because the pay raise takes place in smaller increments over the course of the year. Although the strikes in Santa Cruz are contentious, "it's a piece of cake" compared to the social and political upheaval during the 2001-02 crisis, he quipped.

Argentina's Economic Situation: Time for a new Model

¶8. (C) Turning to a discussion of Argentina's economic situation, Tomada acknowledged that "it is time for a new model" and perhaps, even a new Labor Minister now that the economy has stabilized. The economic liberalization policies of the 1990s culminated in the 2001-02 economic crisis, which significantly decreased the purchasing power and consumption of the lower class, he explained. With the economic recovery, demand has increased and Argentina needs to increase investment to sustain growth. Tomada cautioned, however, that there remains a large segment of the population

that is economically marginalized, a phenomenon new to a historically middle class Argentine work force. The government cannot wait for the economy to gradually improve the lot of its working class and poor, he argued, adding that waiting would raise governability issues that could threaten the political, economic, and social order. Argentina is not like Brazil or other countries in Latin America that have reached a certain socio-political equilibrium with poverty, he asserted.

¶9. (C) When it comes to economics, the Kirchner administration has placed a premium on increased employment and inclusion, Tomada continued. Ambassador noted that economic policies need to deliver results, but at the same time, Argentina now needs to plan for its future and increase investment. In order to do that, the Ambassador asserted, Argentina will need to regain public and global confidence. Tomada agreed, and opined that under a Cristina Fernandez de Kirchner administration, "Argentina's dialogue with the U.S. and other foreign countries will improve." Several times he referred to Argentina's next president as female, signalling his belief that Mrs. Kirchner will be the candidate in October.

TIP

¶10. (C) The Ambassador turned the discussion to human trafficking (TIP) and the need to pass a federal law. Tomada lamented that TIP has become a problem in Argentina. To combat this, the Labor Ministry has conducted a series of public awareness campaigns against forced labor and child labor. Analia Pineyrua, International Labor Organization Country Representative, noted that the ILO had funded a survey on child labor trends in Argentina which discovered that child labor was a concern in the province of Mendoza, where child labor is currently used in the agricultural sector. Both Pineyrua and Tomada noted that detecting forced

labor is very difficult, and stressed the need for training among labor inspectors to identify potential victims of forced labor.

Comment

¶11. (C) Minister Tomada is a former USG International Visitor grantee, and seemed earnest in his request for greater USG-Argentina dialogue and cooperation on labor issues. At one point, he noted that although there is "occasional noise" in the US-Argentina relationship, the overall agenda is positive and there is great potential for enhanced bilateral cooperation, particularly on the labor front. The Minister's and Pineyrua's comments on the need for greater TIP training among labor inspectors is a need that the International Organization for Migration identified in its recent submission of a proposal for G/TIP funding for Argentina (ref C). End Comment.
WAYNE